

State of Maine Medicaid Expansion Feasibility Study

Overview of Findings

January 10, 2014

Maine's Department of Health and Human Services engaged the Alexander Group to prepare a feasibility study that analyzes the complexities associated with expanding eligibility to its Medicaid program, i.e., MaineCare.

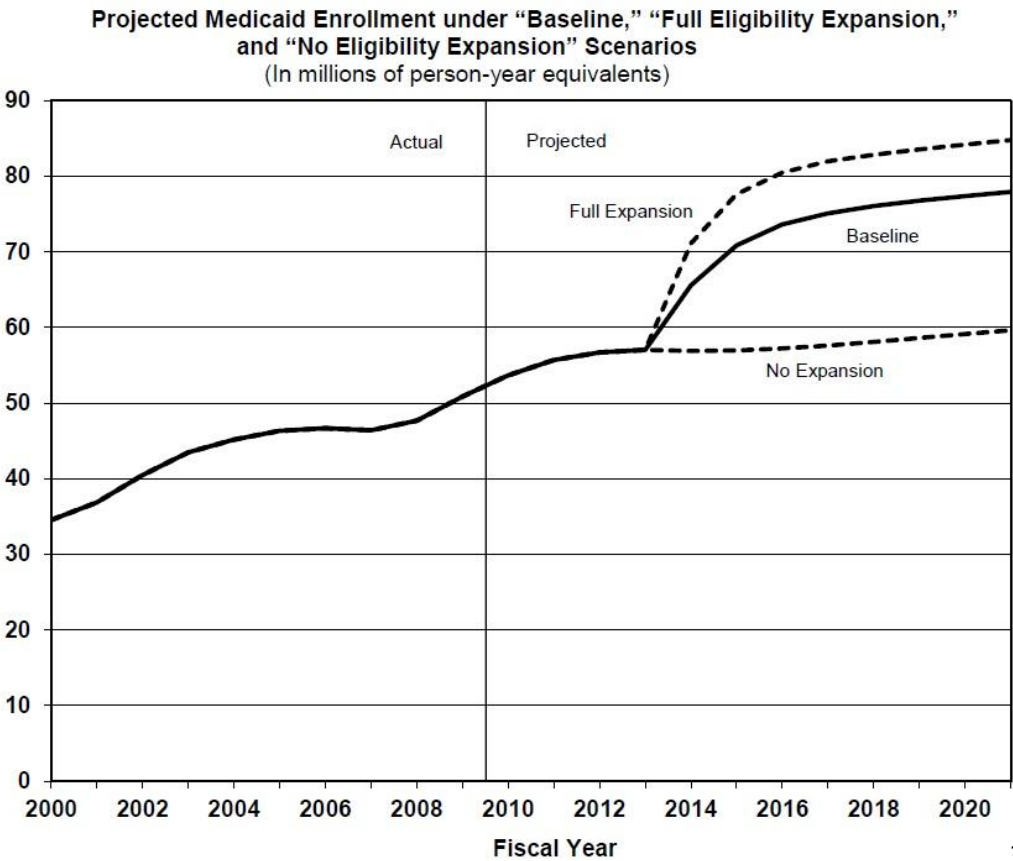
Affordable Care Act

- The Affordable Care Act of 2010 (ACA) mandates that states expand eligibility for their Medicaid programs to include all persons with incomes equal to or less than 133% of the Federal Poverty Level (FPL), plus a 5% income disregard effectively extending eligibility to 138% of FPL. (That equals \$15,856 for an individual and \$32,499 for a family of four in 2013.)
- The U.S. Supreme Court ruled that Congress exceeded its authority in mandating the expansion of eligibility, thus giving each state the choice on whether it wants to expand eligibility as defined by the ACA.

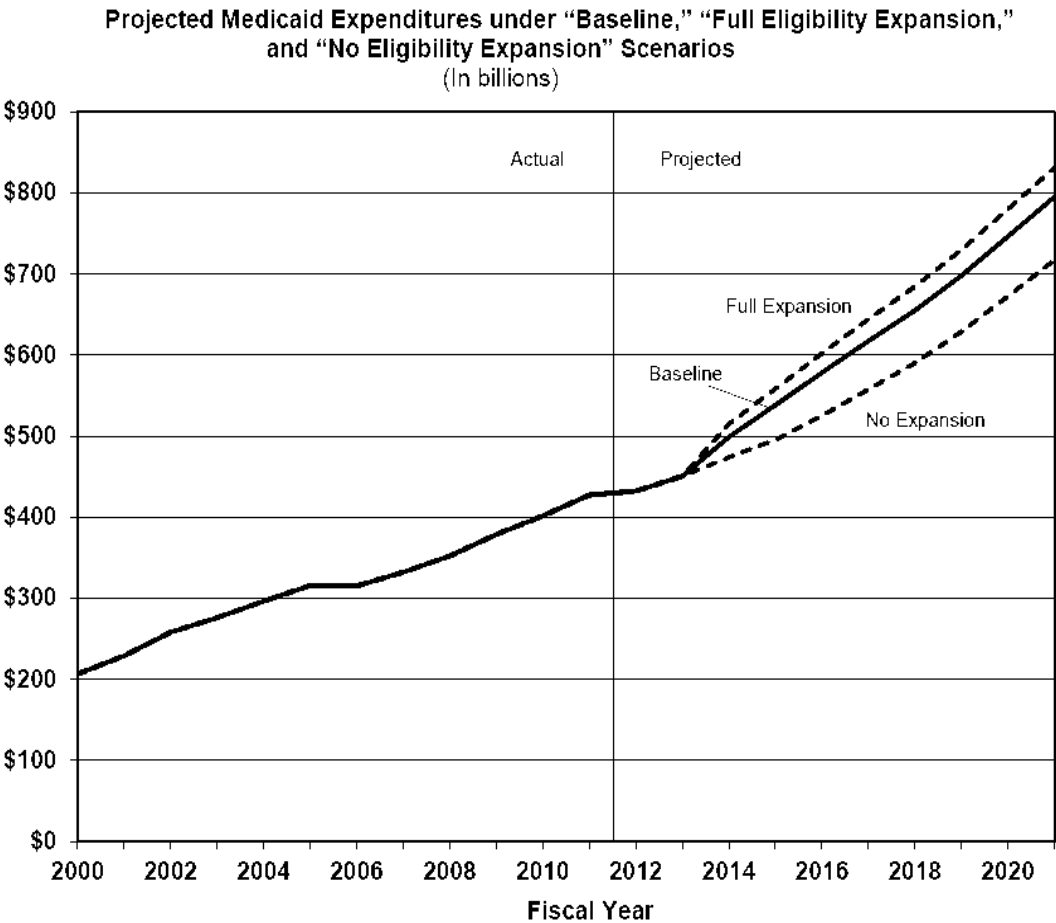
The Office of the Actuary

U.S. Department of Health and Human Services:

- If all states expand, total enrollment would increase 52.2% to 84.8 million in FFY 2021.
- The total cost would grow 94.4%to \$830.9 billion in FFY 2021.
- If those states comprising just 65% of the Medicaid population expand, Medicaid will grow faster than GDP and comprise 3.2% of GDP in 2020, up from 2.8% in 2011.

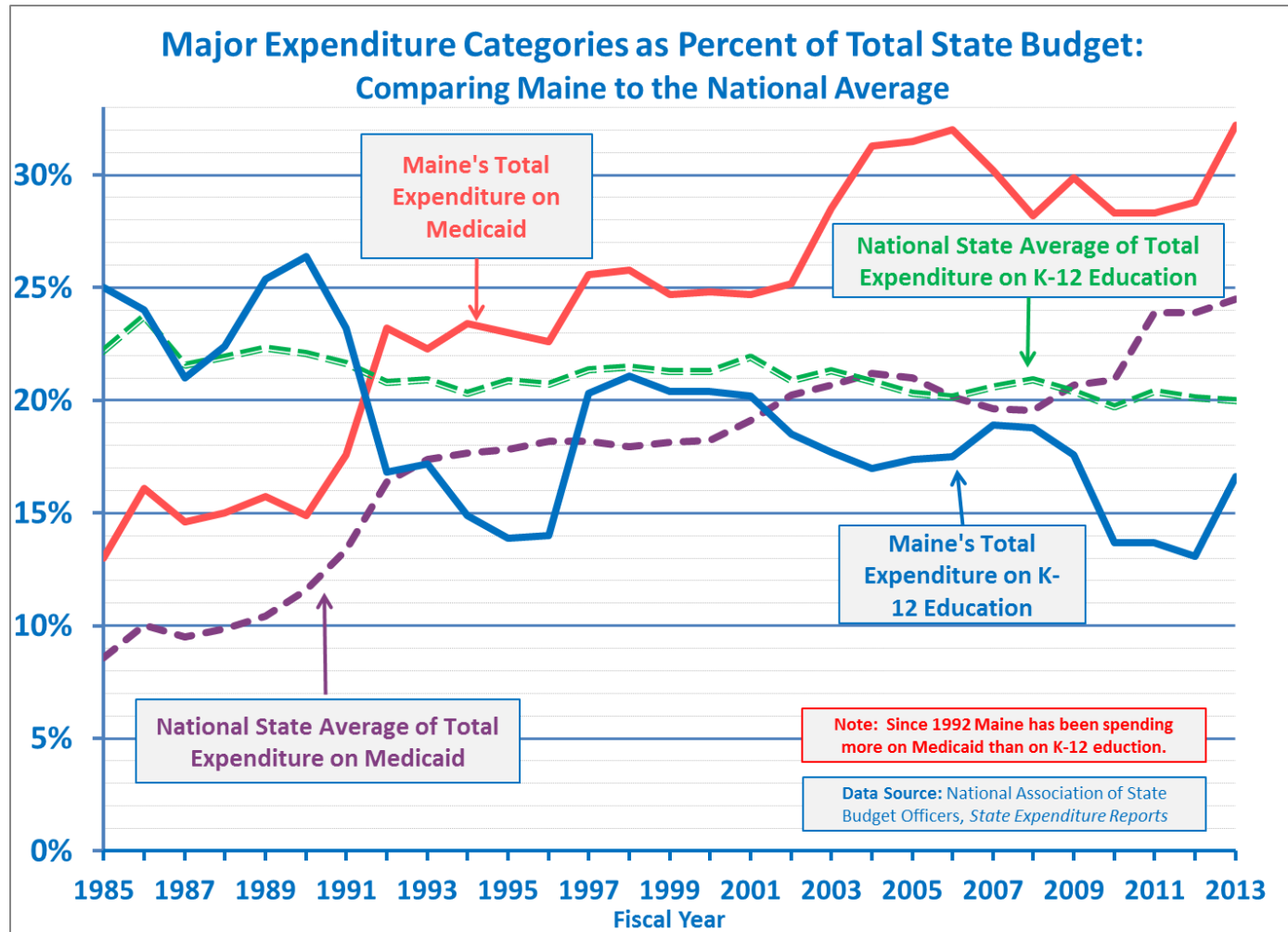


During 2012 through 2021, Medicaid expenditure growth is projected to be 6.4% per year on average, 1.1 percentage points higher than it would be if the Affordable Care Act impacts were excluded (5.3% average growth) CMS ACTUARIAL REPORT



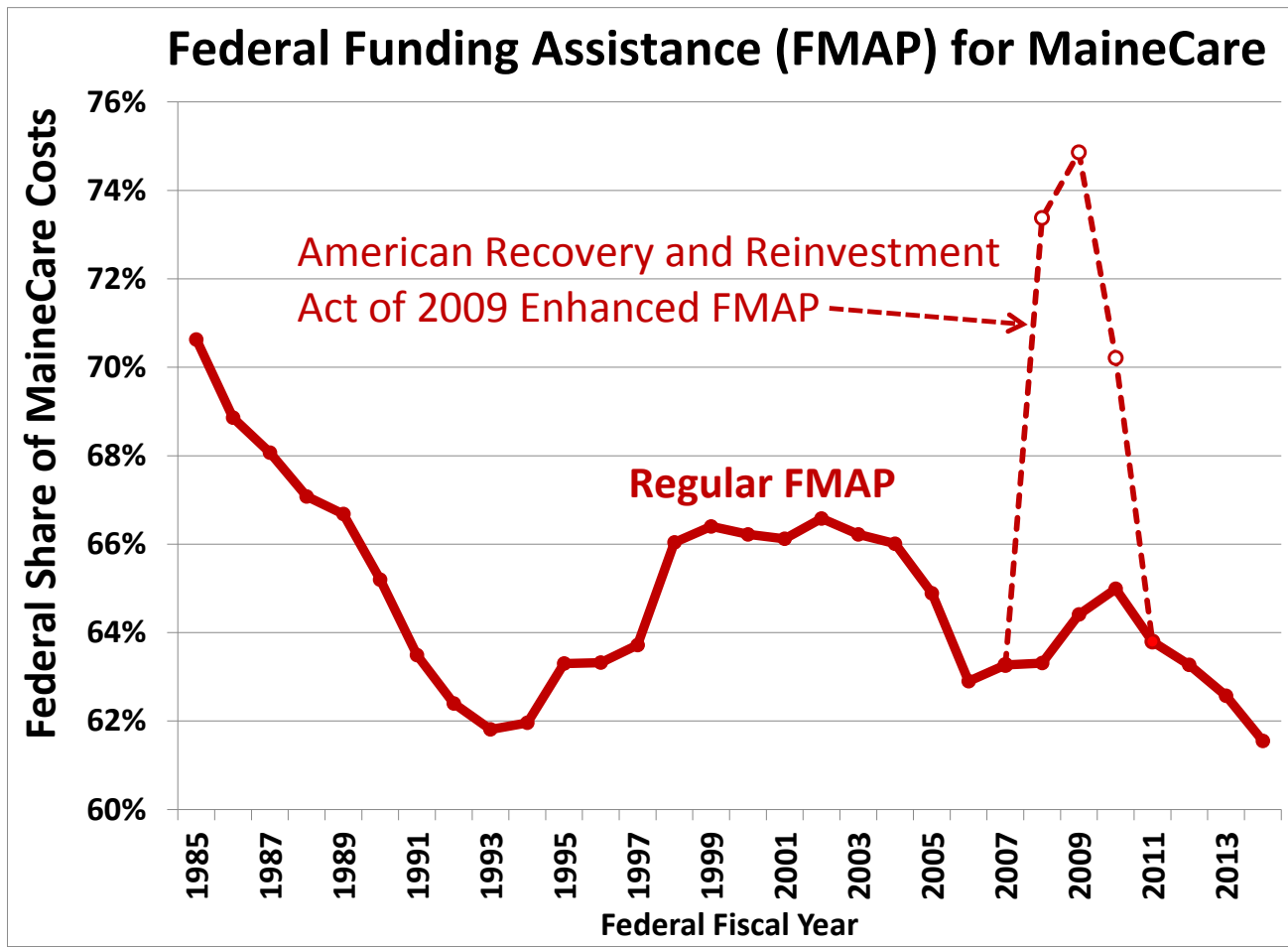
State Impact

- Medicaid is the largest expenditure for states when all funding sources—including federal—are considered. (National Association of State Budget Officers Data)
- Preceding the national pattern, MaineCare overtook K-12 spending as the highest budget item 1992.
- Maine spends the third-highest percent of its total budget on Medicaid of all the states.



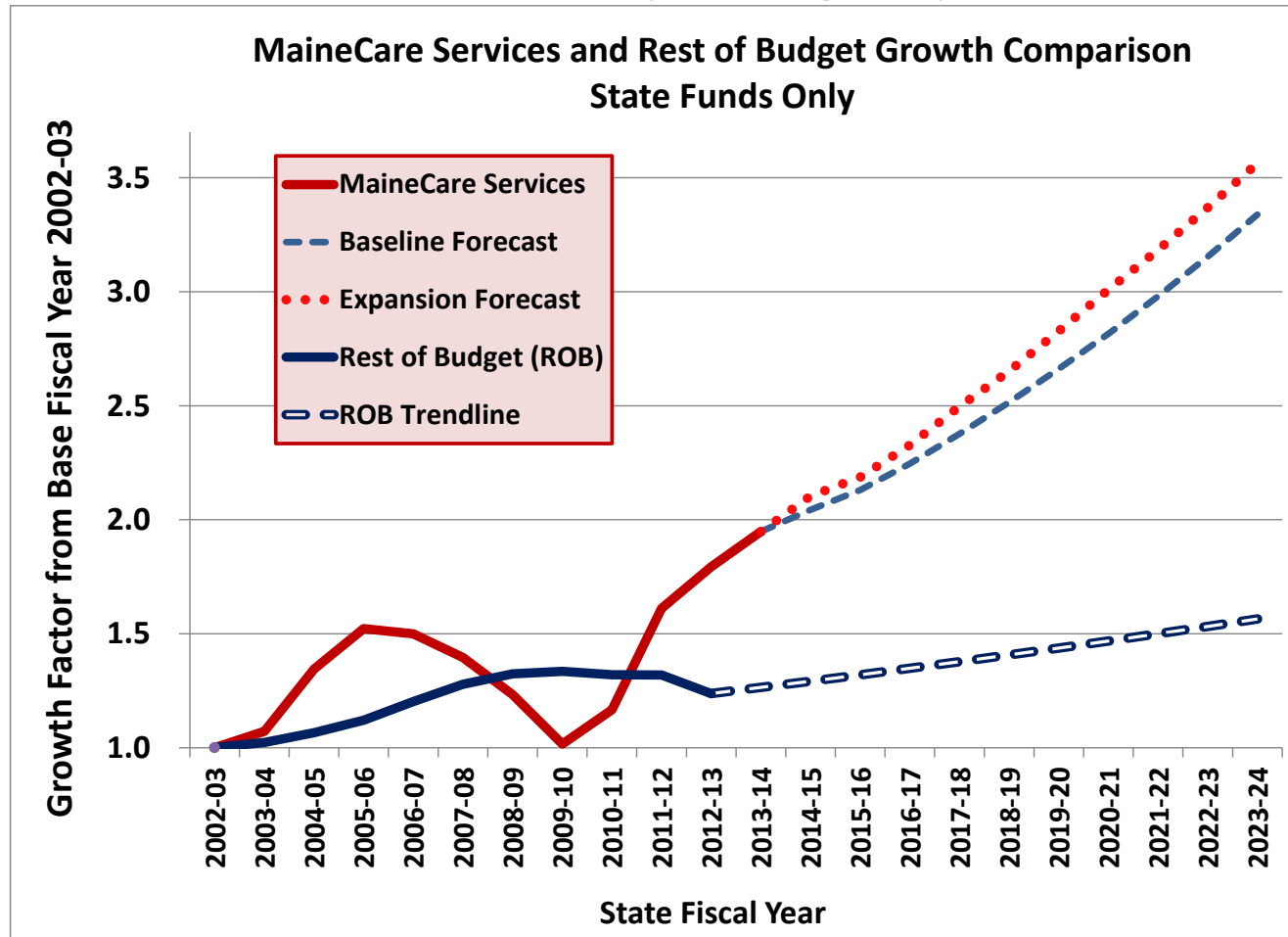
State Impact - FMAP

- In Maine, FMAP rates have generally declined since 2000.
- Each percentage-point drop in the FMAP results in about \$25 million in reduced federal funding.
- It is anticipated that states will again see further reductions in FMAP rates as fiscal problems continue to plague the federal government.



MaineCare Budget Growth

- In state funds, the MaineCare services has been growing faster than the rest of the state budget (6.0% average annual growth versus 2.2%).
- The AG Financial Model forecasts that the Baseline average annual growth rate will be 5.5%. If Maine elects to expand eligibility, the rate becomes 6.2%.



What will happen to the Budget with Expansion?

- The percentage of the General Fund budget dedicated to MaineCare is projected to grow from 24.2% in 2012–13 to 36.2% under the Baseline.
- Under the Expansion Scenario, MaineCare will take 38.7%.
- For the overall budget, including federal funds, MaineCare will require 45.3% of the total budget under expansion in 2023-24 as opposed to 40.2% under the Baseline.

Percent MaineCare Services to Total Maine State Budget by Fund								
SFY	Baseline				Expansion			
	General Fund	All State Funds	Federal	Total	General Fund	All State Funds	Federal	Total
2002-03 (Actual)	20.3%	13.9%	59.0%	29.0%	N/A	N/A	N/A	N/A
2012-13 (Actual)	24.2%	19.0%	59.2%	32.2%	N/A	N/A	N/A	N/A
2023-24 (Forecast)	36.2%	25.7%	65.8%	40.2%	38.7%	27.4%	71.4%	45.3%

AG Financial Model Results

Expansion

10-Yr Growth: 66.7%

Annual Growth: 5.2%

SFY 23-24

Enrollment:

530,200

No Expansion

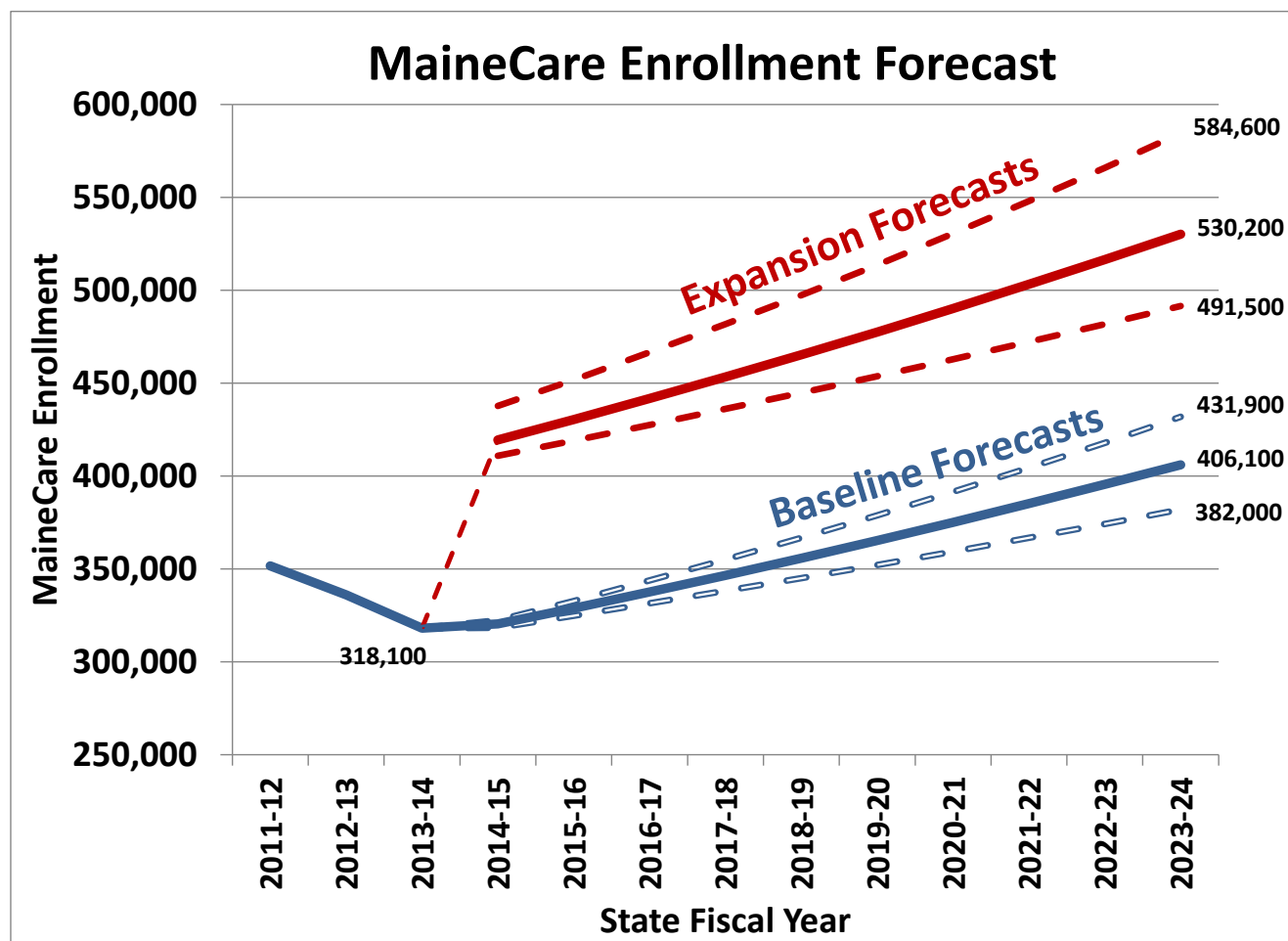
10-Yr Growth: 28%

Annual Growth: 2.5%

SFY 23-24

Enrollment:

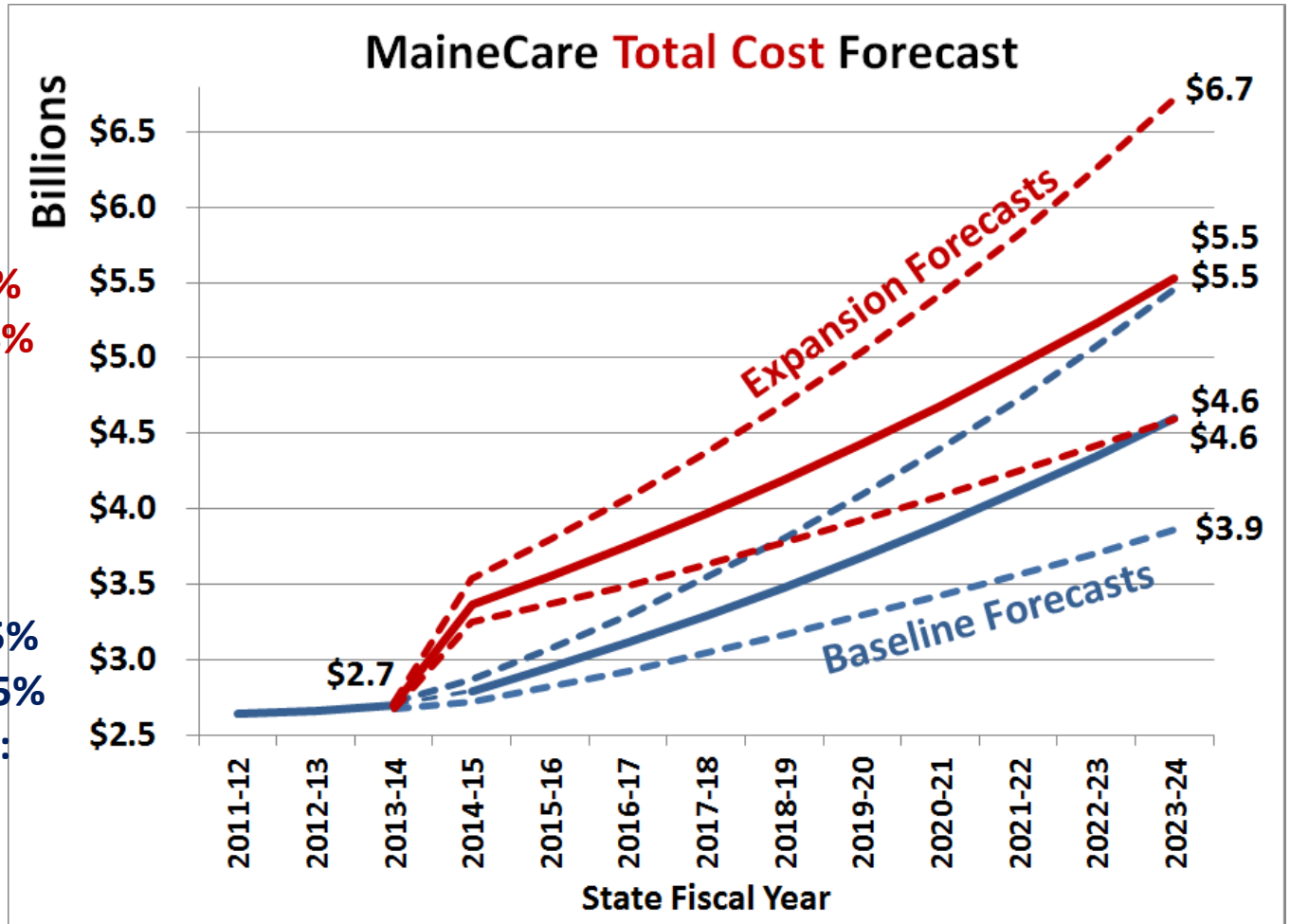
406,100



AG Financial Model Results

Expansion
 10-Yr Growth: 105%
 Annual Growth: 7.4%
 Cost in SFY 23-24:
\$5.5 Billion

No Expansion
 10-Yr Growth: 70.5%
 Annual Growth: 5.5%
 Cost in SFY 23-24:
\$4.6 Billion

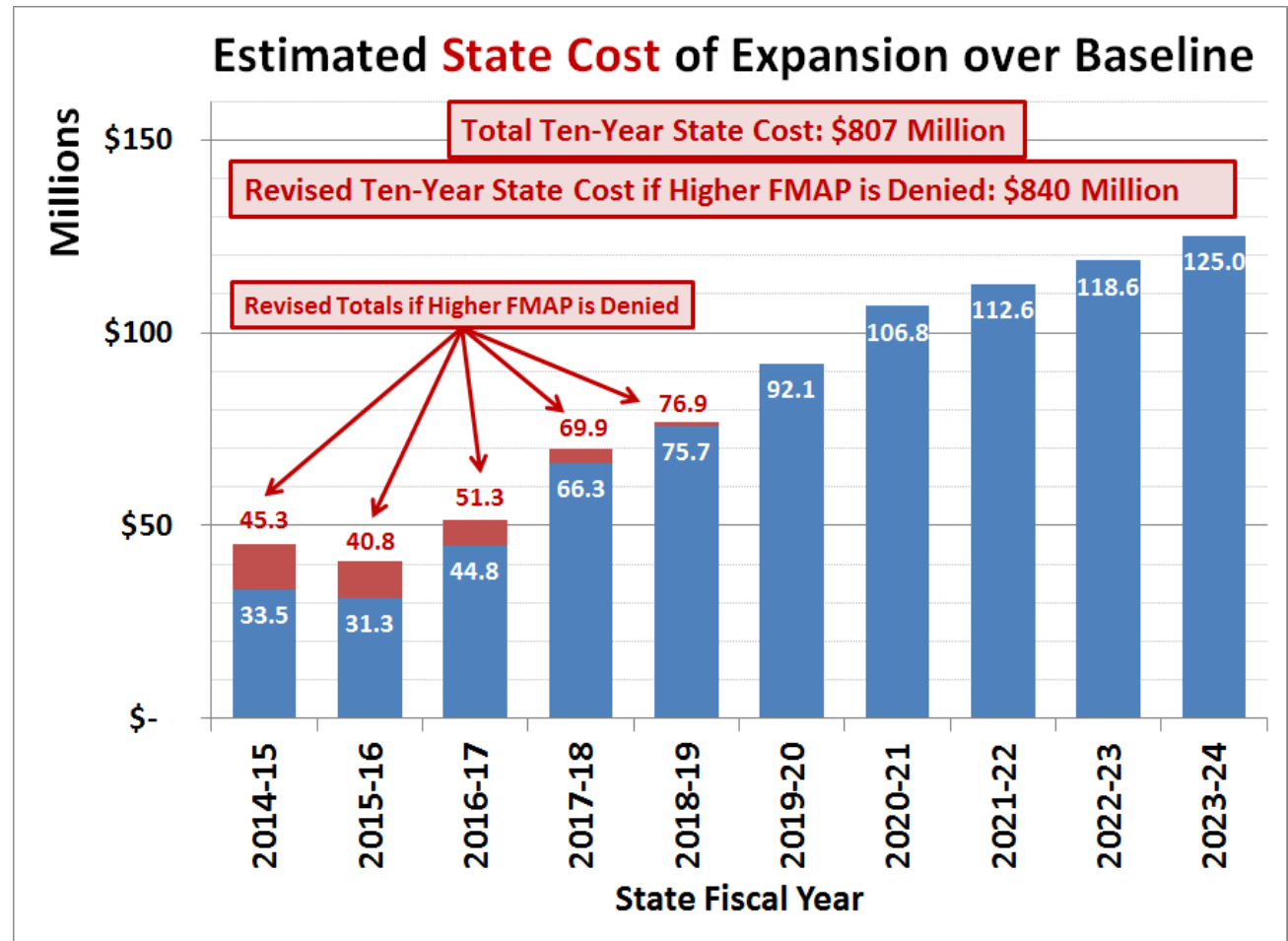


Maine – Cost of Expansion cont'd

- For the Expansion Scenario, *state costs* would reach \$33.5 million in 2014–15, or \$45.3 million, if the higher FMAP is denied for the childless adult waiver population when compared to the Baseline.
- The state costs are projected to grow to \$125.0 million in 2023–24, for a ten-year total of \$807 million, or \$840 million if the higher FMAP is denied:

State Costs

- \$65 million to \$86.1 million in first 2 years
- \$251 million to \$284 million in first 5 years
- \$807 million to \$840 million in first 10 years

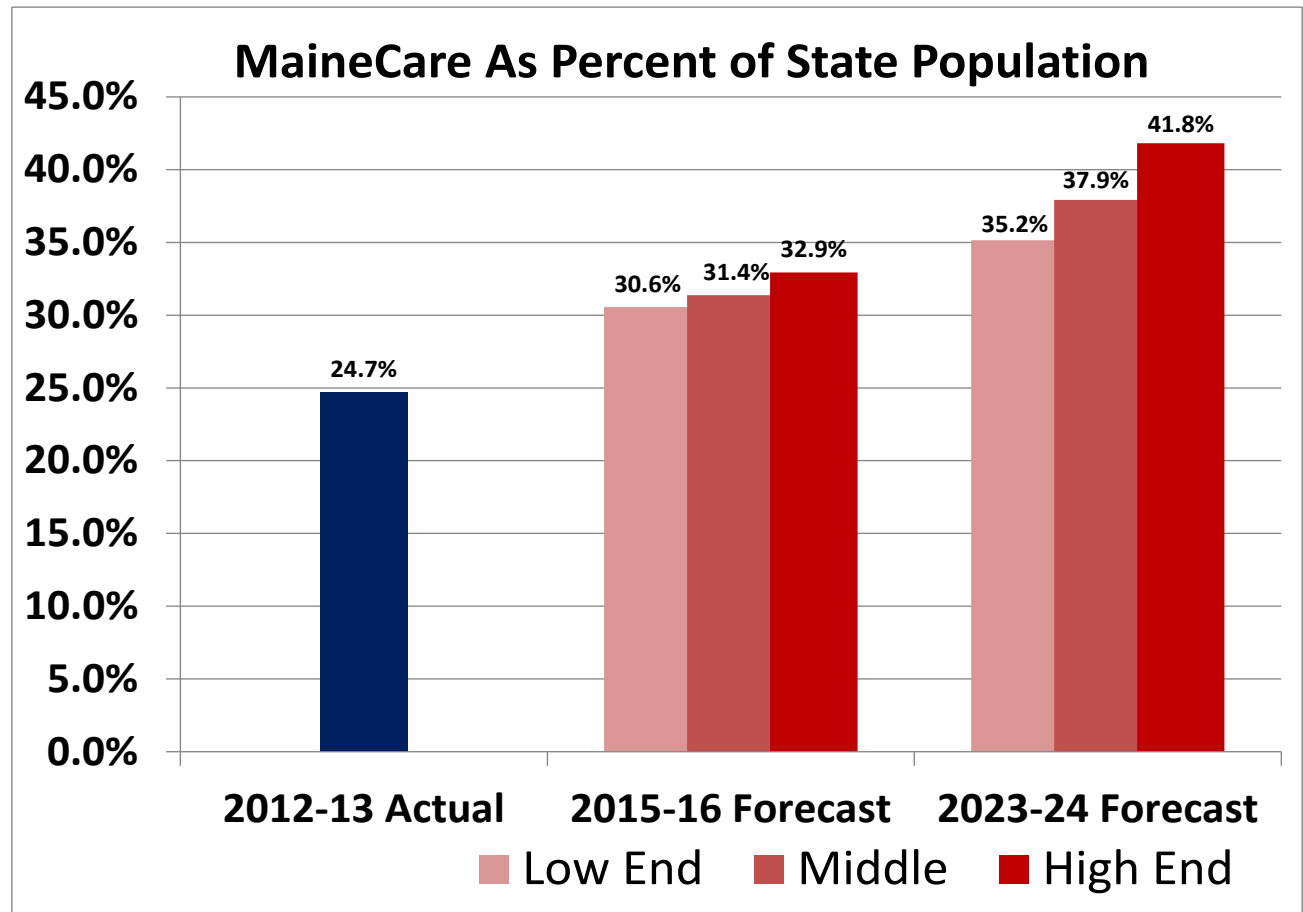


Maine – MaineCare Population Growth as a Result of Expansion

- 24.7% of Maine's overall population was enrolled in MaineCare in 2012-13. This percentage will grow to 29.0% by 2023-24 under the Baseline. Under the Expansion Scenario, 37.9% of the overall state population will be enrolled.

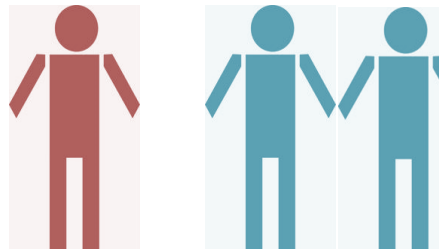
Expansion
37.9% of pop

No Expansion
29.0% of pop



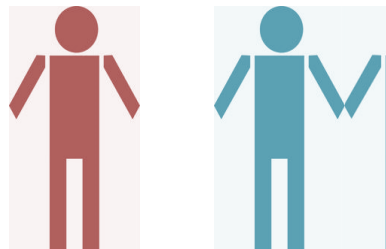
- The enrollment to employment ratio changes under expansion. In SFY 2012–13, the ratio was 1 to 1.8, meaning that each person on MaineCare was supported by 1.8 employed persons. The forecasts show that that ratio will drop to 1 to 1.3 in 2020 under the expansion scenario.

**MaineCare
Enrollee** **Employed
Mainers**



Under MaineCare Expansion:

Each MaineCare enrollee was supported by 1.8 employed Mainers in SFY 2012-13.



Each MaineCare enrollee will likely be supported by only 1.3 employed Mainers in 2020.

- Total Current waitlists for vital services for all programs to be slightly more than 3,900 individuals
- Annual State Cost to Fund = close to \$50 M to care for these vulnerable populations
- **In essence, the costs associated with expanding eligibility for MaineCare for the able-bodied residents of working age will place at risk existing commitments Maine has to their traditional Medicaid recipients: those who are disabled and those who are elderly.**